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GENEVA PASS TO DAVID SWARTZ

FOLLOWING REPEAT BUDAPEST 3389 ACTION SECSTATE INFO MOSCOW
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QUOTE

LIMITED OFFICIAL USE BUDAPEST 3389

FOR EUR/RPE

E.O. 11652: N/A

TAGS: ECON, EGEN, ETRD, EEWT, PFOR, CSCE, HU

SUBJ: CSCE BASKET II: CONGRESSIONAL REQUEST FOR INFORMATION

REF: STATE 233202

1. IN GENERAL, HUNGARY'S RECORD IN PUBLISHING ECONOMIC
AND COMMERCIAL STATISTICS IS QUITE GOOD; WITH A FEW MAJOR
EXCEPTIONS, IT MAKES BASIC ECONOMIC DATA AVAILABLE. AS
A RESULT OF COMPILATION AND PRINTING DELAYS, MANY STATISTICS
ARE RATHER DATED, AND A FEW IMPORTANT FINANCIAL FIGURES ARE
NOT RELEASED. SUB-PARAGRAPHS A THROUGH E BELOW ARE KEYED
TO THE FINAL ACT, AND PARA 4 OF REFTTEL.

A. STATISTICS CONCERNING PRODUCTION, NATIONAL
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INCOME...

(WHICH APPEARS IN TWO VERSIONS -- HUNGARIAN AND ENGLISH-
RUSSIAN)

(1) IN ITS ANNUAL STATISTICAL YEARBOOK/HUNGARY

PROVIDES COPIOUS DETAILS ON PRODUCTION, NATIONAL INCOME AND CONSUMPTION. NATIONAL INCOME DATA, OF COURSE, IS EXPRESSED IN MARXIST TERMINOLOGY (NET MATERIAL PRODUCT, SOCIAL SECTOR PRODUCT, ETC.). IN ADDITION, HIGHLIGHTS OF THE ABOVE THREE CATEGORIES APPEAR IN THE MONTHLY STATISTICAL BULLETIN. PRODUCTIVITY STATISTICS, WHILE AVAILABLE, ARE LESS USEFUL AND COMPREHENSIVE. THE GOVERNMENT BUDGET THAT IS PUBLISHED IS TOO GENERAL TO BE OF MUCH VALUE. FOR INSTANCE, THE HEADING FOR SUBSIDIES USUALLY LUMPS TOGETHER 10-15 TYPES OF GOVERNMENT ASSISTANCE -- MAKING MEANINGFUL ANALYSIS ALMOST IMPOSSIBLE. BUDGET DETAILS THAT WOULD BE USEFUL FOR COMMERCIAL PURPOSES OFTEN APPEAR, HOWEVER, IN OTHER DOCUMENTS OR IN PRESS ARTICLES. IN SUM, HUNGARIAN STATISTICS ON MATERIAL PRODUCTION AND NATIONAL INCOME ARE QUITE GOOD, WHILE THE BUDGET DATA IS SKIMPY AND NOT SO USEFUL. THE ANNUAL STATISTICAL YEARBOOK COVERING THE PREVIOUS CALENDAR YEAR APPEARS IN JULY, BUT A HANDBOOK CONTAINING CONSIDERABLE DETAIL IS AVAILABLE IN APRIL OR MAY, IN ENGLISH, HUNGARIAN AND RUSSIAN (THREE SEPARATE EDITIONS). THE MONTHLY STATISTICAL BULLETIN LAGS ABOUT TWO MONTHS, AND PROVIDES VERY USEFUL INDICATORS.

(2) EACH MONTHLY STATISTICAL BULLETIN CONTAINS A DIFFERENT SUPPLEMENT, REPORTING QUARTERLY, HALF YEARLY, AND ANNUAL DETAILED DATA ON VARIOUS ASPECTS OF THE ECONOMY. WHILE SOMETIMES LAGGING AS MUCH AS A QUARTER, THESE SUPPLEMENTS PROVIDE CONCISE DETAILS ON INDUSTRIAL AND AGRICULTURAL PRODUCTION, IN UNITS AND VALUE, AND FREQUENTLY BY POLITICAL SUBDIVISION. IN ADDITION, HUNGARY PUBLISHES A QUARTERLY AGRICULTURAL STATISTICAL BULLETIN. EACH COVERS A DIFFERENT SUBJECT, OFTEN WITH A SIX-MONTH LAG, BUT TOGETHER THEY PROVIDE EVERY CONCEIVABLE AGRICULTURAL STATISTIC. A SIMILAR BULLETIN REPORTS INDUSTRIAL OUTPUT.

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(3) THERE ARE SOME WEAKNESSES IN THESE ACCOUNTS. PRECISE AGRICULTURAL STATISTICS COVERING A HARVEST, FOR EXAMPLE, ARE NOT AVAILABLE UNTIL ABOUT 2-3 MONTHS AFTER THE HARVEST. GENERALLY, NEWSPAPER ARTICLES OR INTERVIEWS WITH HUNGARIAN OFFICIALS ENABLE ONE TO OBTAIN NEEDED DATA SEVERAL MONTHS BEFORE PUBLICATION. AT THE GOVERNMENT, UNLIKE IN THE U.S., WILL NOT MAKE DETAILED ESTIMATES IN WRITING FOR THE FUTURE IN MID-CYCLE, BUT ONLY AT THE BEGINNING OF A PERIOD OR AFTER THE RESULTS ARE KNOWN.

B. FOREIGN TRADE STATISTICS ...

(1) HUNGARY'S ANNUAL FOREIGN TRADE STATISTICS ARE COMPREHENSIVE AND COMPLETE. THEY REPORT PRECISE

IMPORTS AND EXPORTS OF ALL ITEMS, BY PRODUCT AND COUNTRY OF ORIGIN OR DESTINATION, IN QUANTITIES AND VALUE. THE VALUE IS, OF COURSE, REPORTED IN FORINTS. MILITARY ITEMS ARE EXCLUDED. THE MOST SIGNIFICANT WEAKNESS IS THAT THIS PUBLICATION ONLY APPEARS IN AUGUST, COVERING THE PREVIOUS YEAR. IT WOULD BE MUCH MORE USEFUL IF IT WERE PUBLISHED SEMI-ANNUALLY, WITH LESS TIME LAG. PRODUCTS ARE NOT LISTED ACCORDING TO BRUSSELS NOMENCLATURE.

(2) FOREIGN TRADE RESULTS BY COUNTRY ARE LISTED (IN FORINTS) QUARTERLY IN THE MONTHLY STATISTICAL BULLETIN (NOTE: IN 1975 THIS DATA APPEARED MONTHLY IN THE DAILY ECONOMIC NEWSPAPER; TO THIS SMALL EXTENT, THERE HAS BEEN SOME REGRESSION SINCE THE SIGNING OF THE FINAL ACT.). IN ADDITION, HUNGARY PUBLISHES A MONTHLY SUMMARY OF ITS FOREIGN TRADE, BY PRODUCT GROUP, BROKEN DOWN BY SOCIALIST AND NON-SOCIALIST COUNTRIES (AN ALMOST USELESS DELINEATION) AND RUBLE AND NON-RUBLE ACCOUNTING (A VERY VALUABLE GUIDE TO HUNGARY'S FOREIGN TRADE PICTURE). WHILE IT WAS ALWAYS POSSIBLE TO CONVERT THE RUBLE AND NON-RUBLE FIGURES, AS THE EMBASSY HAS PREVIOUSLY REPORTED HUNGARY BEGAN PUBLISHING THE ACTUAL DOLLAR AND RUBLE TOTAL RESULTS ON A MONTHLY BASIS IN 1976. THIS CAN BE REGARDED AS A SMALL POSITIVE STEP OCCURRING AFTER THE SIGNING OF THE FINAL ACT. HUNGARY DROPPED THE USE OF THE STATISTICAL "DEVISA" FORINT IN 1976, THUS MAKING IT EASIER TO CONVERT DATA. HOWEVER, THE TREMENDOUS AMOUNT OF RECOMPUTATION REQUIRED TO REPORT PRIOR YEAR'S FOREIGN TRADE RESULTS HAD LED TO MORE WIDESPREAD USE OF PERCENT-LIMITED OFFICIAL USE
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TAGE COMPARISONS. ABSOLUTE DATA FOR 1976 IS USUALLY GIVEN, HOWEVER, AND COMPARISON WITH PREVIOUS YEARS IS POSSIBLE.

(3) A MAJOR DEFICIENCY IN THIS FIELD IS THE LACK OF BALANCE OF PAYMENTS DATA. HUNGARY DOES PROVIDE THIS INFORMATION TO WESTERN BANKERS IN OFFERING MEMORANDUMS PUBLISHED FOR THE PURPOSE OF HARD CURRENCY BORROWINGS, BUT SIGNIFICANTLY THIS DATA COVERS GATT COUNTRIES ONLY, AND LUMPS CONVERTIBLE AND NON-CONVERTIBLE CURRENCIES USING ARTIFICIAL RATES. HUNGARY'S MAJOR TRADING PARTNER, THE SOVIET UNION, IS EXCLUDED IN THESE CALCULATIONS. THUS, FOR ALL PRACTICAL PURPOSES ACCURATE BALANCE OF PAYMENTS DATA IS NOT AVAILABLE. NOR ARE GOLD AND HARD CURRENCY HOLDINGS AND OVERALL HARD CURRENCY DEBT FIGURES RELEASED BY THE GOH. HUNGARY PUBLISHES SOME TOURISM INCOME FIGURES (FOR GATT COUNTRIES) IN THESE OFFERING MEMORANDUMS, AND UPON REQUEST, THE GOH HAS PROVIDED THE EMBASSY WITH DOLLAR AND RUBLE TOURISM INCOME AND EXPENDITURES. HUNGARY PUTS OUT A THICK STATISTICAL COMPILATION ON TOURISM COVERING EVERY CONCEIVABLE

STATISTIC WITH THE IMPORTANT EXCEPTION OF ACTUAL INCOME FIGURES.

C. LAWS AND REGULATIONS CONCERNING FOREIGN TRADE.

ALL HAVE BEEN PUBLISHED IMMEDIATELY WHEN PROMULGATED, AND SOON AFTER MOST ARE TRANSLATED BY THE GOH INTO ENGLISH FOR THE BENEFIT OF FOREIGN BUSINESSMEN. EUR/EE AND THE BUREAU OF EAST-WEST TRADE IN THE DEPARTMENT OF COMMERCE HAVE COPIES OF THESE LAWS AND REGULATIONS.

D. INFORMATION ALLOWING FORECAST OF DEVELOPMENT OF THE ECONOMY TO ASSIST IN TRADE PROMOTION ...

(1) HUNGARY'S FIVE-YEAR PLANS SINCE THE 1968 ECONOMIC REFORM HAVE NOT INCLUDED DETAILED STATISTICS CONCERNING ACTUAL OUTPUT LEVELS, EXPECTED IMPORTS, ETC. THE PLANS INDICATE THE DIRECTION THE ECONOMY SHOULD TAKE, PROVIDE SOME OVERALL GROWTH RATES, AND A FEW SPECIFIC GOALS. HUNGARY'S 1976-1980 PLAN WAS AVAILABLE IN DECEMBER 1975, AND THE HUNGARIANS SOME MONTHS LATER HAD IT TRANSLATED INTO ENGLISH. MUCH MORE USEFUL ARE THE DAILY LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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NEWSPAPER ARTICLES REPORTING ON GOALS AND INVESTMENT PLANS FOR A PARTICULAR SECTOR, FOREIGN TRADING ORGANIZATION OR MANUFACTURING ENTERPRISE. IN ADDITION, HUNGARY HAS PUBLISHED IN SOME LITTLE-KNOWN REVIEWS DETAILS ON CERTAIN PLANNED PRODUCTION GOALS, AND THE EMBASSY HAS OBTAINED LIMITED INFORMATION CONTAINED IN UNPUBLISHED FIVE-YEAR PLAN ON SCIENCE AND TECHNOLOGY. HARDY

(2) NONE OF THIS INFORMATION HAS BEEN CONVENIENTLY CENTRALIZED WHERE IT WOULD BE USEFUL FOR AN AMERICAN BUSINESSMAN. SINCE INDIVIDUAL ENTERPRISES AND MINISTRIES ARE RESPONSIBLE FOR FORMULATING THEIR OWN DETAILED PLANS IT WOULD BE HARD, GIVEN THE WAY THE HUNGARIAN SYSTEM OPERATES, TO REQUEST A SPECIFIC ACTION BY THE CENTRAL GOVERNMENT TO IMPROVE THE SITUATION. THERE ARE, HOWEVER, MANY PLANNING OFFICE DOCUMENTS, SUCH AS THOSE REFERRED TO IN THE PRECEDING PARA, WHICH WOULD BE USEFUL TO WESTERN BUSINESSMEN IF THEY WERE PUBLISHED IN A TIMELY MANNER IN THE "EVSEYVL " PRESS.

E. OTHER INFORMATION TO HELP BUSINESSMEN ...

THE HUNGARIAN CHAMBER OF COMMERCE PUBLISHES ANNUALLY A COMPREHENSIVE DIRECTORY IN ENGLISH OF HUNGARIAN FOREIGN TRADING COMPANIES AND THEIR ACTIVITIES. THE GOH ALSO PRINTS (IN HUNGARIAN) A BOOK ENTITLED QTE WHO PRODUCES WHAT? UNQTE WHICH IS THE BASIS FOR A U.S. DEPT OF COMMERCE LIST OF END-USERS IN HUNGARY. END-

USER LISTS AS SUCH ARE NOT PUBLISHED BY THE GOH, NOR
ARE ORGANIZATION CHARTS AVAILABLE.

2. AS THE EMBASSY HAS EMPHASIZED IN PREVIOUS REPORTING,
THE GOH IS VERY INTERESTED IN DEVELOPING THE U.S.-
HUNGARIAN JOINT ECONOMIC COUNCIL INTO AN ACTIVE ORGANIZA-
TION TO PROMOTE EAST-WEST TRADE. IN GENERAL, THE HUNGARIAN
SIDE OF THE COUNCIL, WHICH MEETS FREQUENTLY, REPRESENTS
A MUCH BROADER SPECTRUM OF THE BUSINESS COMMUNITY AND IS
EMPOWERED TO TAKE DECISIONS ON BEHALF OF ITS MEMBERS TO
A GREATER EXTENT THAN THE U.S. SECTION. FOR SPECIFICS
CONCERNING HIGH-LEVEL GOH INTEREST SEE BUDAPEST 3327.

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3. MUCH OTHER INFORMATION IS AVAILABLE --
STATISTICS CONCERNING THE CITY OF BUDAPEST, INTERNAL
TRADE, LIGHT INDUSTRY, EVEN INDUSTRIAL AND AGRICULTURAL
STATISTICAL YEARBOOKS. IN CONTRAST TO THE TIMELY,
COMPREHENSIVE DATA AVAILABLE IN THE U.S. AND WESTERN
EUROPE, HUNGARY STILL MAKES DETAILED INFORMATION AVAIL-
ABLE LATE AND DOES NOT REPORT SEVERAL KEY INDICATORS.
HOWEVER, COMPARED TO MOST OTHER COMMUNIST GOVERNMENTS
THE HUNGARIANS HAVE A REPUTATION AMONG WESTERN BUSINESS-
MEN AND BANKERS OF BEING MORE OPEN, WILLING TO PROVIDE
DETAILS AND DISCUSS ECONOMIC PROBLEMS.

4. AS DISCUSSED ABOVE HUNGARY HAS BEEN PROVIDING
RELATIVELY COMPREHENSIVE DATA SINCE WELL BEFORE
PUBLICATION HELSINKI FINAL DOCUMENT. THERE HAVE BEEN
NO SIGNIFICANT CHANGES SINCE AUGUST 1975.

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